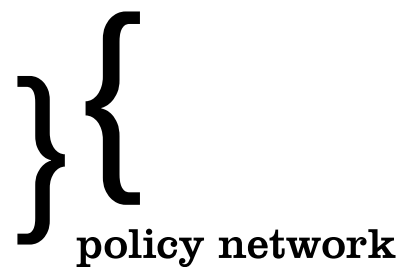


# What future for Europe?

London, 2011



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London, 2011

Published in 2011 by Policy Network

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Policy Network

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Printed by Newnorth

[www.policy-network.net](http://www.policy-network.net)

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# Welcome

Dear friends and colleagues,

It is our pleasure to welcome you today to Bloomberg's European Headquarters in the City of London for this major international conference, *What Future for Europe?*

In the immediate future, the EU faces major challenges in securing the economic recovery, managing the sovereign debt crisis in the Eurozone, and limiting the damaging consequences for Europe's cross-border banking system and its wider economy. The UK must not remain a bystander in this debate but should be guided by a greater understanding of the choices available to it – and indeed to the Union itself.

To this end, Policy Network, the leading international thinktank and network of progressive policymakers, is bringing together senior politicians, business stakeholders and thinkers for the purpose of debating Europe's future. As part of the intellectual preparations for this symposium, we have commissioned some of the leading proponents of strong UK-EU relations, including two former British ambassadors to the EU, former government advisers, as well as a senior businessman, to outline the political priorities and options for the new UK Coalition government's European policy.

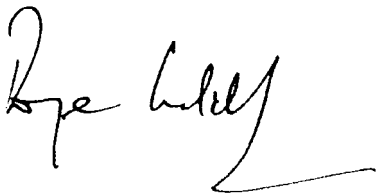
Strikingly, these stakeholders share a common belief: that deeper economic integration is both necessary and likely in 2011 for the EU to resolve the structural imbalances in the Single Market which have partly contributed to the current debt crisis afflicting the euro area. Moreover, there is agreement that the new UK government must play a constructive and committed role in this prospective wave of integration in order to safeguard the British economy's strategic advantages, while also generating new forms of growth and retaining political influence over Europe's direction. The issue over which our authors are divided is the extent to which this policy agenda can be actually achieved by the Coalition, unless it is prepared to show pragmatic flexibility in the face of 'events'.

This conference is the latest stage of Policy Network's research on the future of the EU. We will continue to develop innovative thinking on these issues over the coming months, drawing on our acclaimed EU "Fit for purpose" initiative, which has been influencing policymakers in Brussels and across Europe in recent times – please see [www.policy-network.net](http://www.policy-network.net) for further information.

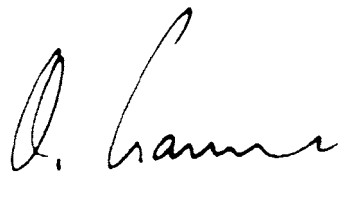
We would also like to thank our co-funder the European Commission Representation in the UK as well as the City of London Corporation for their generous support in this process.

We are honoured to welcome you to Bloomberg and look forward to working with you in the future.

With warm regards,



**Roger Liddle**  
Chair, Policy Network



**Olaf Cramme**  
Director, Policy Network

# Agenda\*

**08.00** Registration

**08.30** Welcome     **Roger Liddle**, chair, Policy Network

**08.45** **PLENARY SESSION I:**

**Sovereign debt risks, destabilizing imbalances and low growth: is this the future of the Euro area?**

*Speakers:*     **Sharon Bowles**, chair, European Parliament's Economic and Monetary Affairs Committee

**Nigel Wicks**, chairman, Euroclear

**Verena Ross**, director, international division, UK Financial Services Authority

**Graham Bishop**, Independent European financial affairs analyst

*Chair:*            **Loukas Tsoukalis**, president, ELIAMEP, the Hellenic Foundation for European and Foreign Policy

**10.00** **PLENARY SESSION II:**

**Constructively engaged or engaged in construction – what can the Coalition government do to prevent the UK becoming a 'stranger' in Europe again?**

*Speakers:*     **David Howell**, minister of state, UK Foreign Office

**Anthony Teasdale**, deputy chief of staff to the president of the European Parliament

**Wayne David**, shadow Europe minister, UK Labour Party

**David Rennie**, political editor and Bagehot columnist, *The Economist*

*Chair:*            **Roger Liddle**, chair, Policy Network and former EU adviser to Tony Blair

**11.15** Coffee Break

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\* Correct at the time of going to print.

### 11.30 PLENARY SESSION III:

#### What do the EU's citizens really want from its institutions? And how do we better match public expectations?

- Speakers:* **Robert Madelin**, director-general, European Commission's Information Society and Media DG  
**John Monks**, secretary-general, European Trade Unions Confederation  
**Simon Zadek**, senior fellow, centre for government and business, Kennedy School of Government  
**Kalypto Nicolaïdis**, director, European Studies Centre, University of Oxford
- Chair:* **Olaf Cramme**, director, Policy Network and visiting fellow at the LSE's European Institute

12.45 Lunch

### 13.30 PLENARY SESSION IV:

#### The future of the Single Market: are bold reforms still possible?

Introduction: **Stuart Fraser**, policy chairman, City of London Corporation

- Speakers:* **Vince Cable**, UK secretary of state for Business, Innovation and Skills  
**László Andor**, EU commissioner for Employment, Social Affairs and Inclusion  
**Mario Monti**, former EU commissioner and author of "A New Strategy for the Single Market"  
**Nadia Calvino**, deputy director-general, European Commission's Internal Market and Services DG  
**Dieter Helm**, professor of energy policy, University of Oxford
- Chair:* **Peter Mandelson**, former EU Trade commissioner, former UK First secretary of state and president of Policy Network

15.30 Close

# Priorities and choices for UK-EU relations



## Events, Mr Cameron, Events

The government's EU Bill is a radical attempt to constitutionalise the UK's traditional "red-lines-approach" – and a significant strategic mistake

Olaf Cramme & Roger Liddle

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Up to now, many have argued that the government's approach to the European Union has been quite sensible, or at least sufficiently pragmatic. They contend that the Coalition's lukewarm engagement is intuitive for at least three reasons. First, the EU has somewhat lost appeal as a result of its failure so far to make itself "fit for purpose" in the global age with the consequence of seeming marginalisation and irrelevance. Second, concerns about the EU's legitimacy deficit have become much more widespread, now even permeating continental strongholds of pro-Europeanism. Third, there seems to be a desire among large parts of our populations to cling onto well-known and more accessible institutions, as well as identities, in a world of rapid change. Now, the Conservative-Liberal Democrat Coalition is attempting to cement the status quo of European integration. In its eyes, if not so far so good, then just about acceptable; but, if backwards is not an option, then no further steps forwards.

The government's EU Bill is a radical attempt to constitutionalise the UK's traditional "red-lines-approach" – and a significant strategic mistake. Why? Because in the post-crisis world Britain's national interest is more entwined than ever with the future of Europe. Even the US – often somehow presented as the alternative to EU integration – has now become a vocal advocate of this fundamental insight. Talking recently to a group of British MEPs, US ambassador to the UK, Louis Susman, could not have been blunter: "The US does not want to see Britain's role in the EU diminished in any way. ... The message I want to convey today is that we want to see a stronger EU, but also a stronger British participation within the EU. ... This is crucial if, together, we are going to meet all the global challenges facing us, including climate change and security. But let's be clear: all key issues must run through Europe."

To a small-s sceptic like David Cameron, the logic of the 'Global Europe' argument is not enormously reassuring. This is because cooperative action on global issues – economic policy coordination, banking regulation, energy and climate change, international development, and immigration and security – intrudes on sensitive matters of national sovereignty, far more so than EU regulations of a bygone age which led Douglas Hurd to rail against Europe reaching into 'the nooks and crannies' of ordinary daily life. Hence, the alleged imperative for the EU Bill's "referendum lock".

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The danger of David Cameron's position is that it is a static pre-crisis conception, which risks becoming perverse. This view was forged for internal party reasons to head off Eurosceptic criticism of Cameron's decision not to go ahead with a referendum on the Lisbon Treaty. Of course, the prime minister may also believe the EU to be largely irrelevant to both domestic politics and people's everyday lives.

Yet, he should be reminded of Macmillan's dictum, "events, dear boy, events". In the post-crisis world, these 'events' could undermine the Coalition's European policy and Britain's national interests because the EU will be forced to think far more creatively about how to re-secure the Euro area in light of the ongoing debt crisis. This is essential not only to spur growth through Single Market reform but also to take forward the UK's policies on energy and climate change, as well as ensure that Europe's might as a trading bloc can be exercised more assertively to compete with emerging markets in Asia and South America.

In the pre-crisis world, integration was largely a product of choice and not necessity; post-crisis, this could well be the other way around. Nowhere is this more apparent than in reforming the Single Market, where leading scholars and policymakers like former Commissioner Mario Monti have shown that much deeper integration in a limited number of areas could propel the EU's economies back towards a course of sustainable growth. The UK government may well have to be more flexible in its approach to EU measures on social dumping and unhealthy tax competition in an age of budget constraints if a political consensus for a more dynamic Single Market is to be built.

So what should the Coalition do? Ordinarily, a business-as-usual policy agenda of conditional Europeanism would have given it at least sufficient scope to participate in and influence the direction of future economic integration, while also making sharp, probing remarks domestically about their notorious "red lines". This, after all, would have represented a continuation of the agenda which best characterises government policy under New Labour from 1997-2010 – regarded as more than amply pro-European by Britain's European companions.

But this scenario is jeopardised by the static European policy of which the "referendum lock" is a core product. History has shown that the hallmark of great leaders is to be able to reconcile the contemporary socio-political zeitgeist with a clear strategy for securing the national interest – and the ability to proactively respond to 'events'. Cameron and his Coalition would do well to bear this in mind.

Olaf Cramme is director of Policy Network

Roger Liddle is chair of Policy Network



## Europe and its UK visionaries

A relevant and effective British vision for the EU can be led by politicians without a drop of euro-enthusiasm in their blood

John Grant

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It is a commonplace that the British political and technocratic class wholly misjudged the commitment of the founding members to establish the European Community in the 1950s. The UK has paid the price ever since, as it has battled to find its place in a legal order and a set of institutions and policies based on traditions very different to our own.

Other Europeans have complained ever since that there has never been a British vision for Europe. But that is not right. There may have been no vision in the 1950s. But looking back at the history of the European Community and, latterly, the European Union, there was a period when a strong British vision shaped Europe – a vision that still has force today.

British vision shaped the Single Market in the 1980s. It is difficult now to remember how radical and ground-breaking the underlying concept was. But the Single Market Programme might easily have foundered without British commitment. Its significance is, with hindsight, very clear. Europe's poor economic performance shows that it needs more Single Market, not less.

The failure of the UK to see what would happen in the Europe of Monnet and Schuman was matched by the vision the UK showed in helping to drive forward the Single Market.

The UK showed similar vision in its response to the fall of the Berlin Wall. Almost as soon as the extent of those dramatic changes were clear, British ministers and officials were developing the concept of the Association Agreements which would lead to former members of the Warsaw Pact joining a supranational organisation whose members were committed to free enterprise, political pluralism and democracy and human rights.

The cynics will carp that the UK had no vision, that its objective was to dilute Europe not to deepen it. I do not buy that. In the 80s and early 90s, whatever the domestic political backdrop, the UK showed a deep understanding of history and the dynamics of political and economic change in Europe.

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As the EU now seeks to put the euro on a sustainable footing, far-reaching change is again in prospect. Let us assume there is a short-term fix to hold the eurozone together and that most of the worst-affected economies can find their way back to growth. Even if there is, most serious commentators recognise that without a greater degree of economic convergence, the same problems will, in time, come around again.

That greater convergence will require greater economic integration in some shape or form – by definition.

My point is not the fine detail of that integration. Nor do I see any realistic prospect that the UK might find its way into a revitalised eurozone in the longer-term. (I do, however, share the widespread view that a revitalised eurozone is strongly in the UK's interest: the long-term success of those economies is indispensable to the long-term economic success of the UK. That point seems well understood in Westminster and Whitehall).

My point is rather that the EU is likely to emerge from the current crisis significantly changed. A revitalised eurozone is likely to be functioning in a new and significantly different way, with a new degree of interdependence and integration between its members, especially in the areas of economic policymaking that are at the heart of modern politics.

The House of Commons Scrutiny Committee is often strongly critical of the EU. But it recognises without hesitation the EU's significance: "European legislation has a profound impact on the daily lives of the voters and people of the United Kingdom in virtually every sphere of activity" ...and in a recent report identifies European economic governance as an important example of that activity.

Back to vision. We need a new vision for Britain's place in the EU – one which recognises that the UK cannot afford to stand to one side as new and tighter forms of European integration develop under the pressure of the eurozone crisis, and that we must find a way to develop that new relationship from a position outside the eurozone. We should also recognise that, if we fail, we will let down the British voters and people whose welfare and daily lives will be so profoundly affected by the way the new dynamic of European decision-taking takes shape.

As history has shown, a relevant and effective British vision for the EU can be led by politicians without a drop of euro-enthusiasm in their blood. History has also shown that it must be informed by an understanding of the forces of change and a readiness to be pragmatic where the British interest so dictates. The 80s, not the 50s, show the way.

Sir John Grant was the UK's permanent representative to the EU from 2003-2007

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## Cameron's cooperative Coalition

History tells us that the Coalition will be more cooperative in the EU than many observers care to admit, even if the policy is to lump it but not like it

Stephen Wall

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Britain's European Policy? It would, some might say, be a good idea to have one. Except that we have had one, or maybe two.

The first British policy on Europe – that of the 50s – was to stay out of the new European Community. Churchill and Eden have taken some historical stick for not having more foresight. But they had lived through two world wars, both had fought in one of them, and the precedent of history did not point to the new Common Market venture having much staying power. And, economically, British trade with Australia, Canada, New Zealand and the United States dwarfed our trade with the countries of the original six.

The two Harolds, Macmillan and Wilson, soon sought to put that right. It was not their fault that de Gaulle kept Britain out for a decade. But, just as hard-headed calculation had kept us out, so it was equally hard-headed calculation, not visionary idealism, that took us in. In the 60s and again, under Heath, in the 70s, time and again ministers and officials looked at the options: going it alone, sticking with and developing EFTA, seeking a North Atlantic Free Trade Area with the United States and Canada. Each time, they were forced to the often reluctant conclusion that the new European Community was already too powerful politically and economically for us, and our EFTA partners, to ignore. Soundings were taken of the Americans, more than once, about NAFTA. The answer was, as we pre-Assange diplomats were wont to report: “You’ve got to be joking”.

So British policy became one of “if you can’t beat them, join them” and then, as we realised that the European Community was as much a politically federalising project as an economic one: “we don’t like it, but we’d better lump it”. We would be worse off out than in. We had nowhere else to sit except, occasionally and uncomfortably, on the sharp knees of the Americans. We would mark out our thin red line and use our veto to prevent the spectre in the night of ‘federalism’ from overtaking us, even as, in our own country, we introduced a federal system of national government.

But British political leaders are, on the whole, innovators; lumping but not liking it has never been enough. Even Britain's two most eurosceptic Prime Ministers, Thatcher and Brown, can, between them, take credit for the single market, agricultural reform, trade liberalisation and the liberalisation of financial services. And Major and

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Blair, while pushing that same agenda, also took Britain into a closer and more operational foreign policy and security relationship with our European partners than seemed likely only twenty years ago.

The Cameron Coalition looks set to follow much the same course. The rhetoric will be more reluctant, the reality practically cooperative. The perversity of British public debate means that they will disguise each step forward taken in tandem by aiming the odd kick at their European companions. But William Hague's early foreign policy speeches showed, by omission, that there is very little that can be called British Foreign Policy that does not require cooperation and, dare I say it, integration with our European partners.

And, it being as always the economy that counts, there are already detectable signs that the government is supping with an ever-shorter spoon at the table of EU economic governance. The eurozone will survive, probably with its present membership, and certainly in one form or another. An umbilical relationship with the eurozone does not necessarily have to take the form of membership. There are other models.

But I would rule nothing out. When, at a public meeting with Foreign Secretary David Miliband about two years ago, I suggested that Prime Minister Cameron might be the man who would take Britain into the euro, Miliband balked. He disputed my contention that Cameron might become Prime Minister. Maybe the other shoe, too, will drop.

Sir Stephen Wall was the UK's permanent representative to the EU from 1995-2000 and head of the Cabinet Office's European Secretariat from 2000-2004. He is the author of *A Stranger in Europe*



## No Nixon-in-China moment for Britain

The UK can still contribute to a sustainable EU with its “referendum lock” – it will just have more bargaining power

Kalyпсо Nicolaΐdis

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As a member of an EU group of “wisemen” for the best of the last two years I have (re)learned that it does not pay trying to reinvent politicians – especially when you are neither wise nor a man. When it comes to day-to-day politics we academics are better off listening, translating and embellishing.

The Federal Trust invites us to ask: “Under the Coalition Government with its mixture of differing attitudes towards Europe, can the British be persuaded to move on from their historic position of isolation and play the leading part in the centre of the European community that the major European nations would like them to take on?” Tempting, isn’t it? But “centre”, I do not think so! Cameron is unlikely to give Britain its Nixon-in-China moment. And nor would others in Europe accept the prospect. Instead let us ride with this government’s (pragmatic) flow.

This government has certainly tempered its opposition rhetoric to take a more pragmatic attitude to Europe in the last few months. This was inevitable, in a Clegg-cum-Hague government. The rest of the EU will look at a post-EU Bill UK with a mix of resentment, relief and admiration. With a stroke of the legislative pen, London will have significantly increased its bargaining power in Brussels, an unappealing prospect in the shadow of the Irish referenda saga. How cunning, as the nosemonkey blogger so aptly puts it.

A “referendum lock” before further transfers of power to the EU and “national sovereignty” safeguards to keep authority over laws in Westminster can be used to great effect both at home and abroad. But there are pragmatic safeguards in the Bill, too: ministers have the final say on what EU laws are significant enough to merit being caught in the net, no referendum will be needed for enlargement, say to Turkey, and the bill can be repealed at any time through simple majority. From such a position of strength, the government can afford to own up to its pragmatism.

First, in words and deeds, it can use the “sovereignty fix” to rebuke the supranational fix elsewhere in Europe more intelligently and in more subtle terms that the rest of the EU expects them to. This means waking up the British public to a world where “parliamentary sovereignty” is irredeemably shared or at least constrained. And

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it means recognising that both postures, sovereignist and pure supranationalist, have to do with an obsession with oneness: we need one polity (national or European) in order to have democracy, effective governance and so on.

But it is precisely pluralist Britain who should resist these two sides of the same coin about the EU. As many EU scholars but too few EU politicians recognise, the EU rests on a fascinatingly precarious balance. That is why it must be thought of as a federal union not a federal state, a “demoi-cracy” in the making. A Britain that handles sovereignty questions maturely in Westminster will be best placed to defend this precarious balance in Brussels.

Second, if ad-hoc pragmatism is to serve Britain in Europe, the government needs to appear constructive and propose broad and mobilizing goals for the EU. Working out what the Franco-British deal on defence implies for the EU as a whole is a good place to start. So is the issue of UK versus EU representation in international institutions like the UN, IMF or G20 – think leadership, rotation, alliances. And so is the challenge of developing an EU that is better owned by its citizens and public opinions. On these grounds, the UK is best placed to articulate an alternative to the deluded prospect of a new core Europe, leaving its periphery behind. The UK is most strikingly both, core (defence) and periphery (euro), but so are many member states. And those with the pretention to be the real core, headed for a federal Europe, have little to show for it these days.

Instead, and as I have argued elsewhere, the UK can champion an ambitious yet pragmatic goal for the EU, that of “sustainable” integration. Helping governments to act for the long term and support each other through unpopular short-term measures is the EU’s greatest comparative advantage. The goal ought to be an EU focused on sustainability in all realms of policy making, from finance and green growth, to defense, migration policy and global governance. Cameron may never be a Nixon-in-China for Europe but he can certainly do with a dose of EU solidarity and resilience as he contemplates the choppy waters ahead.

Kalypto Nicolaïdis is director of the European Studies Centre and a fellow at St Antony’s College at the University of Oxford



## Britain must be alive to the dangers of too much opting-out

Continuing to enjoy Europe “a la carte” will limit the UK’s influence over future waves of integration

David Rennie

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The flexibility of Europe “a la carte” has served the European Union – and Britain, the club’s grumpiest member – pretty well over the years. If the EU had waited for Britain to sign up to the Schengen agreement, with its abolition of border controls within the union, there would still be guard huts and stripy poles on frontiers across the continent. Even the Liberal Democrats, the most pro-European British political party, have gone awfully quiet about their idea for Britain to sign up to the single currency. Such opt-outs did Britain, and the rest of the EU, a mutual favour.

Now, however, 2011 could turn out to be the year that a multispeed Europe starts to look more like a two-speed Europe, with an inner core impelled towards closer political and economic union by the need to rescue the single currency.

The UK risks becoming a marginal voice, as European decision making is increasingly centred around the euro area. The French and allies are pushing hard for summits restricted to euro area leaders, who would meet to discuss “European economic government” within their inner core. In plain English that means calls for interventionism and weaker competition rules and an industrial policy to subsidise “European champions”. It would mean demands for “social and fiscal harmonisation” (meaning pressure on low-tax, more flexible places like Ireland or many ex-communist countries to raise their costs and stop competing with old Europe).

This is not the usual glib, theoretical boosterism about how Britain must sit at the top table and play to win. Britain is the least powerful of the three most powerful countries that between them dominate the EU. On its own, it cannot make the EU bend to its will. But Britain also gets what it wants, more often than eurosceptics care to admit. They like to present things in absolutist terms. Britain does not have to agree with everything the EU proposes to keep trading with Europe, the former Tory cabinet minister John Redwood wrote recently: “Nobody has ever explained why Germany would wish to stop selling us her BMWs or France her wine if we disagree strongly over the direction of travel for us.”

But trade relations are never a question of all or nothing. The western world trades a lot with China. Few would suggest the terms of trade could not be improved. EU membership is always – frustratingly – a messy question

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of totting up a rolling balance sheet of interests. Britain used to trade with other European countries before the single market was created, but it was more difficult. British lorry drivers had to drive home from the continent empty, for instance, because they had no right to seek loads abroad. Endless spurious barriers blocked British firms for bidding for contracts or selling services on the continent.

Today's single market is imperfect. But on balance, Britain would be poorer outside it. EU regulations would be shaped without British input (while lots of British exporters would have to follow EU standards anyway). Foreign investors like the single market, and would find Britain less attractive outside it. The single market's creation, nearly two decades ago, required an unholy alliance between European federalists and free market liberals, both of whom saw the benefits of sweeping away protectionist barriers and cartels, and curbing short-sighted, growth-destroying national policies. Tories hate to admit this paradox: calling for a free-trade Europe without a supra-national regulator at the top is so much empty talk, you don't get one without the other.

As EU leaders struggle to save the euro in 2011, the danger is of a different bargain between federalists and corporatists. In concrete terms, rich paymaster countries like France and Germany may accept pleas to guarantee the debts of insolvent nations on Europe's periphery only in exchange for economic harmonisation on their terms. The numbers would be on their side: assemble the countries that use the euro – with such free-market advocates as Britain, Sweden, Denmark or the Czech Republic absent from the room – and the balance of opinion swings towards interventionism.

On balance, previous British opt-outs have lowered tensions with the EU. But any creation of a formal inner core around the single currency would be different. It could change the very nature of the European project, in ways that make it far less congenial to the free market, globally minded camp led by Britain. David Cameron has little room for manoeuvre: he could not easily sign Britain up to European economic government, even if he wanted to. But let his government be clear-eyed about the dangers. If 2011 does see a leap towards a two-speed Europe, securing a place in the slow lane will only mark the start of Britain's worries.

David Rennie is the political editor and Bagehot columnist of *The Economist*



# Owning Europe's commonwealth

Britain must remember to champion what is best about Europe  
– its capacity to deliver progress through shared freedom

Roland Rudd

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The best road to progress is freedom's road, said John F. Kennedy. The European Union, along with other institutions like the European Court of Human Rights, is one of the most important manifestations of European citizens' desire to be free. Membership of the EU is not just an economic prize, but marks a graduation for European countries into a commonwealth of prosperity, peace and freedom. Joining the EU is the end of one chapter and the start of another.

As Europe has become more united, it has grown in prosperity through the deepening of the Single Market and the creation of the euro. Yet, Europe was at a fork in the road during the economic crisis of 2008-2010. European states could have slid into protectionism, but they did not. Europe could have ignored the potential danger of an Iran armed with nuclear weapons, but continued to push a European position on sanctions with the US. Many believed the euro's days were numbered, but the political will was there to keep it alive.

More, however, needs to be done in three areas especially: making the EU more competitive, making sure that Europe acts more coherently on the world stage, and continuing to enlarge.

First, competitiveness. The EU's Single Market Act of 1992 brought about considerable growth. Estimated gains from the Single Market in the period 1992-2006 for the EU 25 countries amount to 2.2% of EU GDP (or 223 billion euros), representing an extra income of €1,450 per household, and 1.4% of total employment (or 2.75 million jobs). But the Single Market still remains incomplete with barriers in the services sector – in the digital economy a true single market could increase the EU's GDP by 4.1% by 2020.

This necessity to reform extends as much to greater fiscal coordination to strengthen the euro as it does to the EU's multi-billion euro annual budget. At about €130bn per year, it is a significant amount of money which should be spent on research and cross-border infrastructure rather than directly subsidising agriculture. The UK must push for a rebalancing of the EU's budget towards fostering growth and competition, if necessary by putting its rebate on the table to show seriousness of intent.

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Second, the EU must act more coherently on the world stage. Whilst Europe will always be a shifting landscape of positions on many issues, it makes far more sense to thrash out unified positions in as many areas as possible. Energy is a prime example. Russia has played divide and rule for the last ten years, offering cosy deals to Germany, Italy and Greece whilst freezing out critics like Poland and Slovakia. The EU should agree to negotiate through the Commission on these issues whilst spending more on a fully inter-connected EU energy grid to ensure energy security and competitive prices.

Third, Europe must continue to enlarge. The re-unification of Germany presaged the re-unification of western and eastern Europe, and had the air of manifest destiny about it. The business of enlargement, however, is not finished. Along with the states of the former Yugoslavia, Europe must not make the historic error of shunning Turkey. No one is talking about accession any time soon, but with an ageing population and a rising Middle East it makes both economic and geo-political sense to anchor this dynamic, largely Muslim democracy into our European commonwealth. We must also keep alive the hopes of Ukraine, Belarus and Georgia – we have a moral duty to give these countries a political destination for their long journey towards freedom.

The UK has to be at the centre of all these things. We are part of a European commonwealth that faces similar challenges of ageing populations and rising global powers with different views about what the world should look like. Our economy is more intricately bound into the fate of Europe than any other.

In the future, we will almost certainly have euros in our pockets with King William's head on them, we will probably have elected pan-European politicians and we will have more coherent European political parties. These developments will be to the good, but will not be the business of today's generation of politicians.

Today, we must promote our aims with as much feeling of ownership of the project as that shown by, for example, the French. Talk of withdrawal continues to bubble away amongst fringe groups, but every mainstream political party in the UK runs on a platform of continued membership of the EU. Our interest in the EU is to promote competition, open markets and sustainable economic growth.

What binds the past, the present and the future, and the generations of politicians who have and will continue to build the European commonwealth, is the idea of freedom, and what it can achieve.

**Roland Rudd is the founding chairman of Business for New Europe and the senior partner of Finsbury Ltd**

# About **Policy Network**



Policy Network is a leading international thinktank which provides progressive solutions to the political challenges of the 21st Century. Policy Network's president is Peter Mandelson, former UK secretary of state for business, enterprise and regulatory reform. The chair and director are Roger Liddle and Olaf Cramme, respectively.

## **Events**

Policy Network encourages debate on contemporary social, economic and political issues by organising seminars, conferences and round-table discussions, bringing together senior policymakers and leading experts, and offering a unique international perspective on today's challenges and policy solutions.

## **Research**

Through its research and publications Policy Network seeks to have an impact on policy in Europe and internationally. It produces two types of publications: edited volumes which contain in-depth qualitative or quantitative research; and online papers and essays published on the website. Our current research programmes include: the ideological renewal of European social democracy – a new revisionism for the 21st century; Foresight: forging common futures in a multi-polar world; the politics of climate change; an EU *"fit for purpose"* in the global age; immigration and political trust; and globalisation and social justice.

## **Website**

Policy Network's website has become a leading international platform for the sharing of ideas and experiences among politicians, policymakers and experts on the centre-left. The website provides access to information on all of our events and publications as well as online papers and comment pieces. It also hosts a Social Democracy Observatory, bringing together opinion polling, political analysis and a "State of the Left" monthly news update from social democrats across Europe and the world.

[www.policy-network.net](http://www.policy-network.net)

# About **European Commission** **Representation in the UK**



The European Commission Representation in the UK houses some three dozen staff in Europe House in Smith Square, London, with smaller offices in Belfast, Cardiff and Edinburgh. Headed by Jonathan Scheele, its main job is to report to the Commission in Brussels on relevant political and economic developments here in Britain and to discuss with government, parliament, business and academia here the effects of current or planned EU laws and spending. We manage an extensive programme of visits by Commission members to senior personalities in government and industry.

Our remit includes tackling Euromyths in the media and proactive efforts to ensure a more balanced debate on European affairs. We work closely with think tanks and universities on a range of events throughout the year to promote informed discussion on key themes such as the impact of the Lisbon Treaty, the UK's relationship with Europe and the economic crisis. Through our network of information outlets across the country, our publications and our cultural diplomacy programme, we try to reach beyond the Westminster Village to more varied and informal constituencies.

The Representation shares its premises with the European Parliament Information Office and we have conference facilities which are available to any reputable organization free of charge, to stage meetings or discussion fora related to the EU.

<http://ec.europa.eu/unitedkingdom/>

# About **The City of London Corporation**



The City of London Corporation provides local government services and policing for the Square Mile, the financial and commercial heart of the UK.

The City Corporation is committed to maintaining and enhancing the status of 'the City' as the world leader in international finance and business services through the policies it pursues and the high standards of service it provides.

Its responsibilities also extend far beyond its boundaries: it provides a host of additional facilities for the benefit of the nation, ranging from open spaces such as Epping Forest and Hampstead Heath to the famous Barbican Centre.

In addition to local government services, such as town planning, housing, education, social services, environmental health and waste management, the City Corporation performs a number of very special functions. It runs its own police force and the nation's Central Criminal Court at the Old Bailey. It runs the internationally recognised Guildhall School of Music & Drama. It provides five Thames bridges, the Animal Reception Centre at Heathrow Airport and is the Port Health Authority for the whole of the Thames tidal estuary. Three premier wholesale food markets, Billingsgate, Spitalfields and Smithfield, also belong to the City Corporation.

Many of these services are funded from the City Corporation's own investments at no cost to the public.

The City of London Corporation is unique; not only is it the oldest provider of local government services in the country, it operates on a non-party political basis through the Lord Mayor, Aldermen and Members of the Court of Common Council. The City Corporation combines its ancient traditions and ceremonial functions with the role of a modern and efficient local authority, dedicated to the needs of its residents, businesses and the hundreds of thousands of people who come to work in the City every day.

[www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk)



In the immediate future, the EU faces major challenges in securing the economic recovery, managing the sovereign debt crisis in the Eurozone, and limiting the consequences for Europe's cross-border banking system and its wider economy.

The UK must not remain a bystander in the subsequent debate but should be guided by a greater understanding of the choices available to it – and indeed to the Union itself.

Policy Network, the leading international thinktank and network of progressive policymakers, is bringing together senior politicians, business stakeholders and thinkers for the purpose of debating how this future will impact upon UK-EU relations.

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